



Strategic Workforce Planning

Aligning Human Capital with Business Direction

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Business Strategy

- Low Cost
- Reliable
- Growth

- ## External Environment
- Regulation/Deregulation
 - Chaotic Economic/Labor Mkts
 - Fierce Competition/Technology

It's not about recruiting anymore

**The right people with right skills, in right place,
at right time, at right cost.**

Getting Them

- Hiring new talent or developing existing people?
- Onboarding/Assimilation
- Crafting the “deal” for diverse lifestyles & work styles...rewards, work environment, etc. How do we position XYZ Corp.?
- Alternative employment arrangements?
- View of “turnover,” good, bad, neutral?

Engaging Them

- Commitment to continuous learning & workforce development?
- Level of focus/commitment to high performers/high potentials?
- Role of rewards..degree of differentiation based on contribution level?
- Employee communications strategy & processes?
- Investment in career & leadership development?

Keeping Them

- Flexible work arrangements?
- Encourage longer tenure through benefits and HR policies?
- Retraining?



Definition

● Strategic Workforce Planning

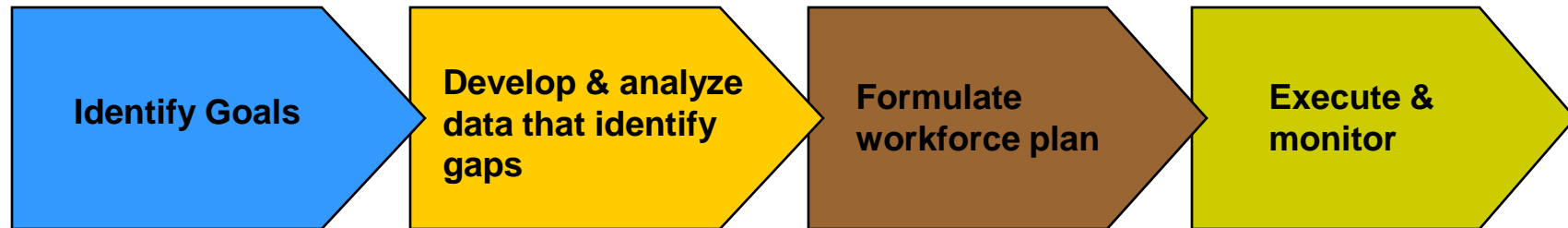
A process for identifying and addressing gaps between current workforce and **future** workforce needs....

It provides a rational basis for prioritizing, developing and funding people practices that ensure....

the right people with the right skills are in the right place, at the right time, and at the right cost.



Strategic Workforce Planning Process



- Impact of retirements
- Targeted critical jobs
- Targeted departments & functions
- Entire enterprise

- Understand business direction/strategy: expansion vs contraction
- Demand data: skills, number & types of people
- Supply data: project internal & external supply over the planning period

- Understand workforce drivers
- Evaluate alternative strategies to fill critical gaps
- Craft policies to transform/engage current workforce
- Gain business unit support

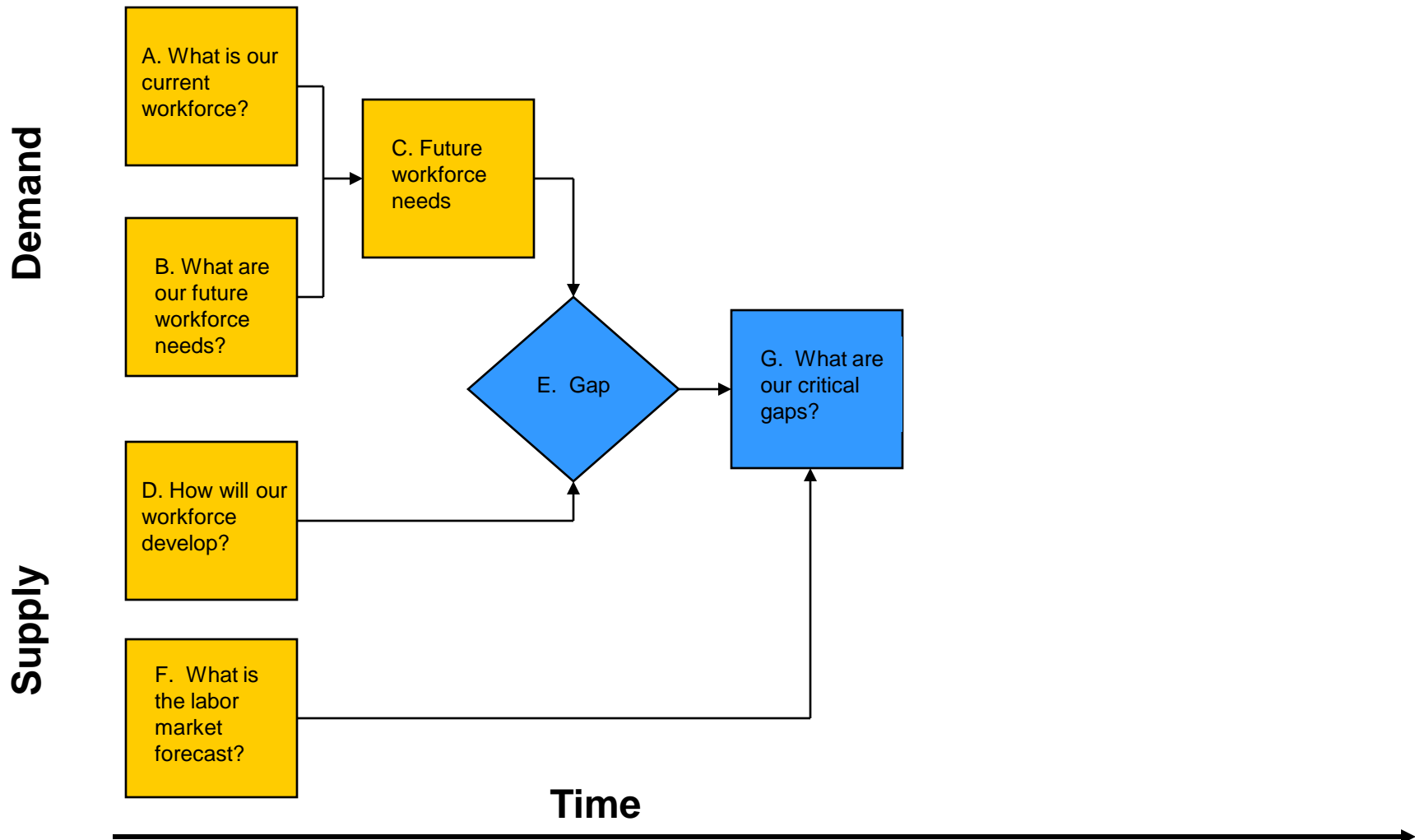
- Administer interventions
- Monitor staffing gaps and progress
- Update assumptions

Strategic Workforce Planning

Gap and Solution Identification Process



Gap Identification



Strategic Workforce Planning

General Trends for Dominion Resources



- 25% of its employees will be eligible to retire in 2007; 45% eligible by 2012.
- Its workforce is aging faster than the general labor market, @ 6 months per year vs. 1 month per year.
- Its workforce turnover will more than double,
 - From 8% to 17%
- XYZ will lose 1200 employees per year to voluntary turnover during the next 5 years



Strategic Workforce Planning

General Trends for Dominion Resources

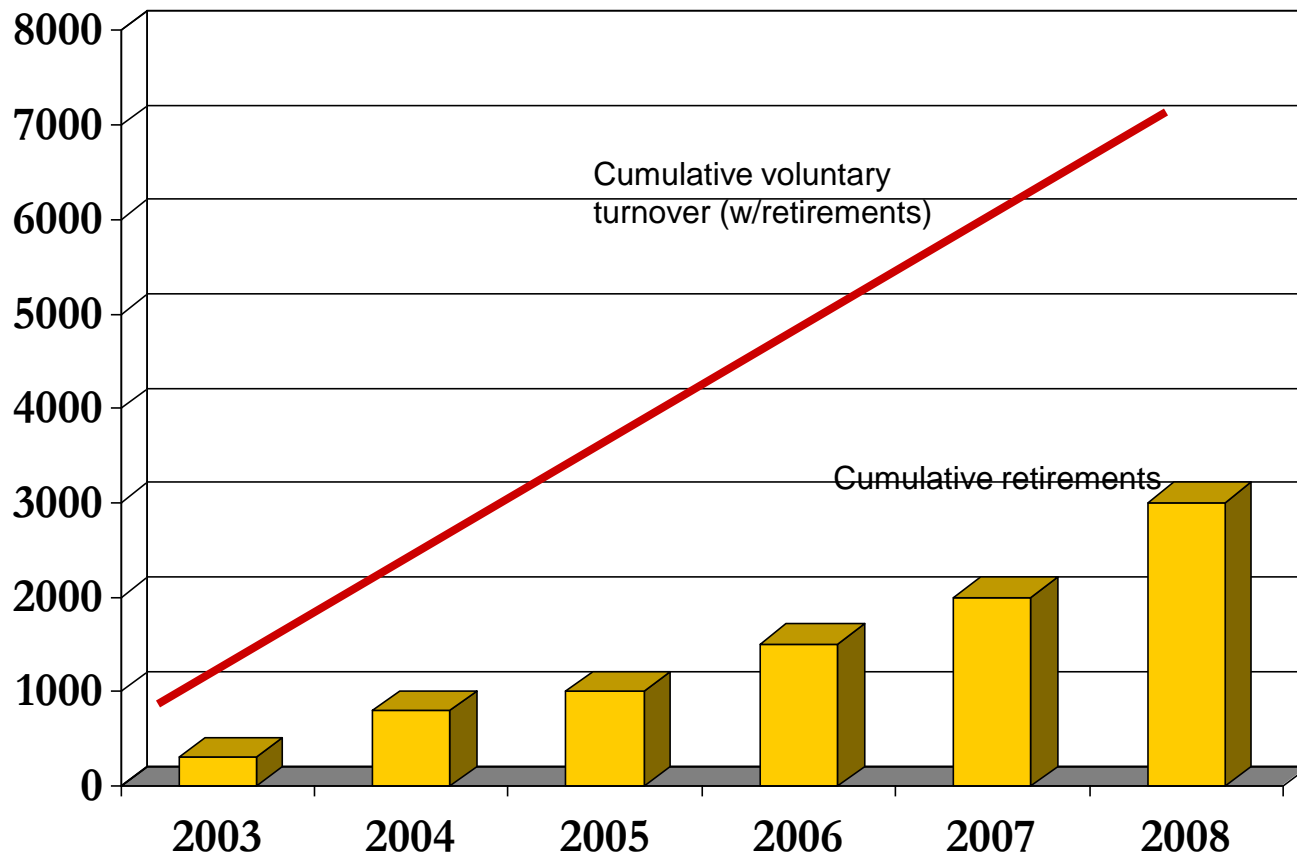
- 500-600 of these annual exits will be from critical jobs
- At current hiring levels, XYZ will have a shortfall of 550 employees in critical jobs by 2007.
- External labor markets will shrink significantly in many of XYZs recruiting geographies [*Many will grow adequately*].
- Retiree make-up of turnover will increase from 15% to 40% by 2007

Strategic Workforce Planning

General Trends for Dominion Resources



60% of turnover increase will come from other voluntary exits





Strategic Workforce Planning

Assessing the Cost for Dominion Resources

- Over the next 5 years could lose 57,000 person years of experience from retirees alone @ an investment of \$57 million.
- Overall turnover will cost \$42-\$85 million per year.
- Impact felt through costs of being short staffed or in higher replacement costs.

Strategic Workforce Planning

Projected Gaps for Dominion Resources



● Top Critical Workforce Gaps

- Project Manager
- Petrotechnical
- Engineer
- Business Analyst

Note: Specific jobs are targeted within each group



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Sample Gaps for Dominion Resources

Business Unit	Job Group	2006 Active	2010 Active	Count Gap	% Gap	ELM Growth*
Customer Projects	Project Mgr.	113	87	- 26	- 23%	1%
E&P	Petrotechnical Engineer	44	38	- 6	- 14%	- 8%
System Operations	Engineer	744	702	- 42	- 6%	4%

ELM = External Labor Market



Strategic Workforce Planning

Hires Required to Avoid Gap

Business Unit	Job Group	2006		2007		2008		2009		2010	
		A	B	A	B	A	B	A	B	A	B
Customer Projects	Project Mgr.	9	12	9	12	9	13	9	14	9	15
E&P	Petrotechnical Engineer	4	5	4	5	3	5	3	5	4	5
System Operations	Engineer	29	9	29	11	29	12	29	13	29	17

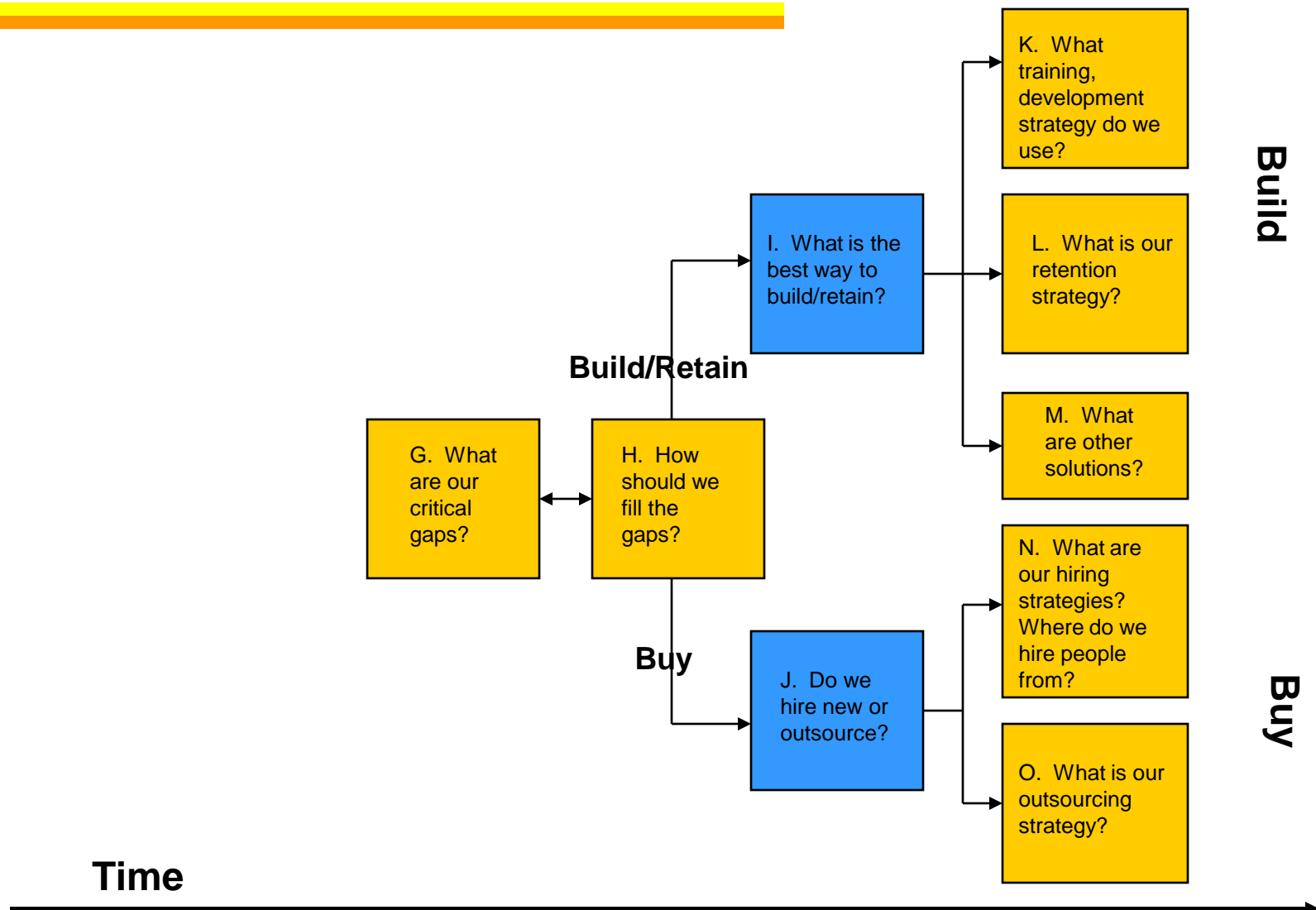
A = Projected normal hires B = Additional yearly hires required to close gap by 2010



Strategic Workforce Planning

Gap & Solution Identification Process

Solution Identification





Workforce Gap Solutions

Close Gaps Through Talent Management Strategy That...

- Increases productivity of existing workforce
 - expedite time-to-competency of new hires.
- Increases attraction and retention of new hires
 - retention of retirement eligibles in critical jobs.
- Expands recruiting sources
 - advanced hiring for critical jobs.
- Improves engagement & development of top performers
 - exit management of poor performers.
- Fosters knowledge transfer from senior employees to less experienced workforce.

5 Year Integrated Talent Management Plan

for Dominion Resources



Initiative	2006	2007-2008	2009-2010
Phased Retirement	<ul style="list-style-type: none"> Identify and make available options to remain employed w/o impacting retirement plan 	<ul style="list-style-type: none"> Develop a mechanism to encourage employees to give advance notice of retirement (2007) Develop retirement planning program (2007, implement 2008) 	
Retiree Talent Pool	<ul style="list-style-type: none"> Create a retiree talent pool through third party to utilize retirees post-retirement 		
Targeted Recruiting & Retention	<ul style="list-style-type: none"> Develop academic alliance to attract prospective college students to petrotech field (E&P) Develop summer intern & co-op programs for petrotech jobs (E&P) 	<ul style="list-style-type: none"> Develop/expand Power Start concept to critical gaps in focused geographic areas Develop/expand Power Start Energy Technology Degree concept to telecom jobs, RPs, CTs, RTs. 	
Performance Management, Engagement & Development	<ul style="list-style-type: none"> Implement additional rewards for top performers Develop a process within succession planning to identify developmental opportunities thru management rotations to cross-train incumbents & develop bench strength 	<ul style="list-style-type: none"> Increase performance standards & manage out marginal performers Expand E&P pilot for individual Profit Sharing incentives 	
Knowledge Transfer	<ul style="list-style-type: none"> Evaluate and leverage Nuclear Energy Institute HR Committee Project Plan for knowledge transfer program 	<ul style="list-style-type: none"> Establish formal knowledge transfer agreements between supervision & employees as employee announces retirement (2007) As part of performance review, establish at least one goal for knowledge transfer 	<ul style="list-style-type: none"> Sponsor technical forums

Strategic Workforce Planning Advantages



Proactive...

- Assessment of specific supply/demand dynamics on your organization
 - Internal and external markets
- Integrated solutions that require multiyear development cycles
 - When there're no “quick fixes.”
- Framework for strategic HR metrics
 - Shifts focus from operational to strategic human capital metrics
- Invaluable data when unexpected happens
 - Capital One case...